

FAIRFAX COUNTY, VIRGINIA

MEMORANDUM

TO: Board of Supervisors

DATE: April 2, 2004

FROM: Anthony H. Griffin
County Executive

AHG

SUBJECT: Adjustments to FY 2005 Advertised Budget Plan (Add-On Package)

This package has been prepared to present the revenue and expenditure adjustments that have been identified since the preparation of the FY 2005 Advertised Budget Plan. It should be noted that, given the current uncertainty surrounding the State budget, the Add-on package presented for your consideration is cautious and fiscally restrained to insure that the budget decisions which are made will not obligate the County to significant recurring expenditure requirements and will provide some flexibility to deal with changing economic conditions.

Prior to discussing the FY 2005 budget, the ending balance and available funds in FY 2004 need to be identified. Assuming approval of the recommended adjustments included in the *FY 2004 Third Quarter Review*, \$9.08 million is available. Of the \$9.08 million, \$3.70 million will be allocated to the Revenue Stabilization Fund, \$3.00 million is proposed for Board priorities that are appropriate for one-time funding including streetlights, sidewalks and trails, and the remaining balance of \$2.38 million will be held in reserve for future year's requirements. There are managed reserve adjustments associated with all of these actions.

Staff has reviewed FY 2005 revenue based on the most up-to-date information and recommends an increase of \$11.38 million (Attachment I). The adjustment is due to an increase of \$6.5 million in Sales tax receipts, \$1.4 million for BPOL, \$1.3 million for Deed of Conveyance revenue, \$1.3 million for Clerks fees, \$0.55 million for Revenue from the Federal Government for reimbursement for costs incurred as a result of incarcerating undocumented criminal aliens who have been convicted of state and local offenses and an additional \$0.26 million in Recovered Costs due to the new \$1 per day fee charged beginning January 12, 2004 to inmates to defray the costs associated with the housing and care of prisoners. As I noted in my letter to the Board framing the FY 2005 budget, the uncertainty of economic recovery in our area and its impact on County revenues has made forecasting difficult. As a result, staff reviewed more updated information on the revenue categories that are sensitive to economic change and made adjustments to reflect projections of higher receipts in FY 2005 based on strong year to date collections. Staff will continue to monitor these and all revenue categories throughout FY 2005 but I believe we have been aggressive in identifying additional receipts for FY 2005 at this time.

In addition, adjustments to the FY 2005 available balance include Administrative Adjustments (Attachment II). Administrative adjustments and the corresponding managed reserve adjustments result in a net increase to the General Fund balance of \$5.26 million. An adjustment is included for additional revenue of \$7.00 million under the assumption of Board approval of the imposition of an additional two percent transient occupancy tax, offset by a contribution of \$2.0 million to a non-profit convention and visitor's bureau funded through revenue of \$1.75 million and funding from the EDA of \$0.25 million. In addition, the package includes adjustments as a result of Third

Quarter related to the Countywide audit contract, child care programs and foster care services. Funding is also included for facility assessments for volunteer and County-owned fire stations and the creation of a new Office of Emergency Management, offset by a reduction in funding based on delayed implementation of the redesign of the Radio Center. In Other Funds, there is one administrative adjustment included in the package to appropriate \$0.23 million in Fund 106, Community Services Board, required to fund a merit psychiatrist position and provide administrative support and intensive case management services consistent with adjustments included in the *FY 2004 Third Quarter Review*. These expenditures are completely offset by DMHMRSAS revenues.

It should be noted that additional funding requirements for FY 2005 are anticipated as part of the *FY 2004 Carryover Review* but were not funded at this time pending the development of a more specific plan to address the provision of emergency medical services. Additional funding will be necessary for the Fire and Rescue Department to sustain the ability of the department to adequately meet our Advanced Life Support (ALS) requirements. The increasing demands of providing ALS services 24 hours a day, seven days a week to a population of more than a million, as well as to all persons working, visiting or passing through the County are taxing our current capacity to provide ALS services. These demands have required mandatory holdover of ALS staff past the end of their shifts as well as the recall of staff on their days off. This practice is detrimental to both the quality of the service we provide and to ALS staff, and cannot be continued indefinitely. Alternatives to address the issue are being developed, along with more specific recommendations. A number of short-term solutions are being implemented immediately; however, I anticipate that some of the longer term solutions to this problem will require an additional allocation of staffing and funding. Preliminary estimates to implement required changes are as high as \$6.0 million, indicating the potential need for a phased approach to deal with this issue. The specific plan will be presented to the Board of Supervisors for your consideration in the next few weeks and appropriate funding adjustments will be included as part of the *FY 2004 Carryover Review*.

After the revenue and administrative adjustments detailed above as well as the FY 2005 reserve of \$5.53 million identified as part of the FY 2005 Advertised Budget Plan, the available General Fund balance as part of the FY 2005 Add-On package is \$22.17 million.

A list of potential FY 2005 Consideration Items is included in the Add-on Package totaling \$1.2 million in recurring expenditures.

Additional information regarding FY 2005 Add-on adjustments is included in the following attachments:

- Attachment I – Summary of General Fund Receipts
- Attachment II – Administrative Adjustments
- Attachment III – Consideration Items

FY 2005 ADD-ON SUMMARY

The following summarizes FY 2004 and FY 2005 Administrative Adjustments approved by the Board of Supervisors and included in the proposed *FY 2004 Third Quarter Review* package.

	<u>Available Balance</u>
Available Balance Prior to the <i>FY 2004 Third Quarter Review</i> , including Audit Adjustments	\$22,371,331
<u>FY 2004 THIRD QUARTER REVIEW ADJUSTMENTS</u>	<u>Impact on Available Balance (in millions)</u>
Revenue Increase	\$17,557,465
Expenditure Increase	(\$8,149,482)
Transfer Out Increase	(\$25,725,866)
Managed Reserve Adjustment	(\$677,507)
One-time Capital Project Funding to address BOS priorities in Transportation, Public Safety, Emergency Maintenance and Security Requirements	(\$3,000,000)
Third Quarter Balance held in reserve for future years requirements.	(\$2,375,941)
Available Balance as of <i>FY 2004 Third Quarter Review</i>	\$0
FY 2005 Reserve for Changing Economic Conditions	\$5,529,180

<u>FY 2005 GENERAL FUND ADD-ON ADJUSTMENTS</u>	<u>Impact on Balance</u>
FY 2005 Add-On Net Revenue Adjustments	\$11,383,698
Administrative Adjustments - <i>General Fund Impact</i>	
1. Adjustment for the Department of Finance to fund the required increase in cost of the annual independent countywide audit as a result of a negotiated contractual price increase of 6 percent for FY 2004 and FY 2005. This adjustment is consistent with adjustments made during the <i>FY 2004 Third Quarter Review</i> .	(\$120,000)
2. Net adjustment based on appropriation of \$1,776,000 in funding for Child Care Programs in the Department of Family Services based on receipt of additional FY 2005 federal and state funding. There is no net impact to the General Fund as the adjustment is completely offset by additional revenue. The adjustment is required due to a state policy change which expanded eligibility for Child Care Assistance and Referral (CCAR) Program funding from 185 percent of the federal poverty line to 250 percent of the federal poverty line; additional funding for contractual costs associated with the SACC Program's accounts receivable system and to address customer service and billing issues; and operating and maintenance funding for the three additional buses that were purchased in FY 2004 for the Head Start Program. This adjustment is consistent with adjustments made during the <i>FY 2004 Third Quarter Review</i> .	\$0

FY 2005 ADD-ON SUMMARY

3. Net adjustment based on appropriation of \$971,202 for Foster Care programs in the Department of Family Services. There is no net impact to the General Fund as the adjustment is completely offset by additional revenue. The adjustment is required to increase funding for Foster Care and Adoption programs to appropriate additional state funding due to increased costs and federal Title IV-E maintenance funding for foster care adoption subsidies; and funding for the Education and Training Voucher Program to appropriate additional state funding to assist foster youth with expenses associated with vocational training programs and college. This adjustment is consistent with adjustments made during the <i>FY 2004 Third Quarter Review</i> .	\$0
4. <u>This adjustment assumes Board approval of the additional 2 percent transient occupancy tax recently authorized by the General Assembly</u> Net adjustment to recognize potential revenue of \$7.0 million as a result of the additional Transient Occupancy Tax offset by a \$1.75 million contribution to the non-profit convention and visitors bureau. Note: The net contribution to the non-profit convention and visitors bureau is \$2.0 million, utilizing (\$1.75 million) of the additional TOT revenue and (\$0.25 million) from the Economic Development Authority.	\$5,246,647
5. Transfer funding from the Police Department to fund the creation of a separate Office of Emergency Management to recognize the strategic importance of emergency management planning in the County. There is no net impact to the General Fund as the adjustment is a transfer of existing funding.	\$0
6. Net cost to fund General Fund transfer to Fund 312, Public Safety Construction in order to conduct condition and functional assessments of volunteer and County owned fire stations.	(\$260,000)
7. Net reduction in General Fund transfer to Fund 505, Technology Infrastructure Services, as a result of the delayed implementation of the Radio Shop redesign.	\$480,760
Managed Reserve Adjustment	(\$87,907)
Total FY 2005 General Fund Add-On Adjustments	\$16,643,198

AVAILABLE BALANCE PRIOR TO MARK-UP	\$22,172,378
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FY 2005 APPROPRIATED OTHER FUND ADD-ON ADJUSTMENTS

Administrative Adjustments - No General Fund Impact

8. Adjustment to fund a merit psychiatrist position for the Fairfax Falls Church Community Services Board as well as to provide for additional administrative support and intensive case management services. The expenditure adjustment is completely offset by an increase in DMHMRSAS revenues. This adjustment is consistent with adjustments made during the <i>FY 2004 Third Quarter Review</i> .	\$0
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Total FY 2005 Other Fund Add-On Adjustments	\$0
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ATTACHMENT I

SUMMARY OF GENERAL FUND RECEIPTS

Revenue adjustments for FY 2005 totaling \$11,383,698 are recommended due to increases in the categories discussed below. As many of the County's revenue sources have just begun to show the affects of a modest economic recovery, projecting FY 2005 revenue has been problematic. Revenue categories that are sensitive to economic change may require adjustments during FY 2005. For example, Sales Tax receipts will be influenced by Consumer Confidence and job growth. Home sales and mortgage refinancings will affect Recordation and Deed of Conveyance Tax receipts and changes in interest rates by the Federal Reserve will impact the yield earned on County investments. These and all revenue categories will be closely monitored throughout FY 2005.

SALES TAX

FY 2004 Revised	FY 2005 Advertised	FY 2005 Revised	Increase/ (Decrease)	Percent Change
\$133,699,443	\$134,503,993	\$141,052,912	\$6,548,919	4.87%

The FY 2005 revised estimate for Sales Tax receipts reflects an increase of \$6.5 million, or 4.9 percent, over the FY 2005 Advertised Budget Plan estimate. This increase is consistent with adjustments made during the *FY 2004 Third Quarter Review* process to reflect higher than anticipated collection receipts. The FY 2005 estimate represents an increase of 5.5 percent over the FY 2004 estimate, the same rate of growth projected for FY 2004 receipts. The FY 2005 Advertised Budget Plan included a 3.0 percent growth rate.

BUSINESS, PROFESSIONAL & OCCUPATIONAL LICENSE

FY 2004 Revised	FY 2005 Advertised	FY 2005 Revised	Increase/ (Decrease)	Percent Change
\$95,763,107	\$98,157,185	\$99,593,631	\$1,436,446	1.46%

The FY 2005 revised estimate for Business, Professional and Occupational License revenue is \$99.6 million, an increase of \$1.4 million over the FY 2005 Advertised Budget Plan estimate. Because businesses file and pay their BPOL Taxes simultaneously on March 1 each year based on their gross receipts during the previous calendar year, little actual data was available during Third Quarter in order to revise the FY 2004 estimate or to develop a FY 2005 estimate. The FY 2005 Advertised Budget Plan estimate for BPOL represented a 2.5 percent increase over the FY 2004 estimate. Based on initial BPOL returns, FY 2005 BPOL receipts are projected to be \$99.6 million, an increase of 4.0 percent over the *FY 2004 Third Quarter Review* estimate.

DEED OF CONVEYANCE TAX

FY 2004 Revised	FY 2005 Advertised	FY 2005 Revised	Increase/ (Decrease)	Percent Change
\$5,812,743	\$4,490,440	\$5,812,743	\$1,322,303	29.45%

The FY 2005 revised estimate for Deed of Conveyance Tax revenue is \$5,812,743 and reflects an increase of \$1.3 million, or 29.5 percent, over the FY 2005 Advertised Budget Plan estimate. This estimate is based on the anticipation that home sales in the County will be at a level consistent with

FY 2004. Mortgage interest rates are expected to remain low and the demand for housing is not expected to diminish during FY 2005.

CLERK FEES

FY 2004 Revised	FY 2005 Advertised	FY 2005 Revised	Increase/ (Decrease)	Percent Change
\$10,575,581	\$6,662,616	\$7,931,686	\$1,269,070	19.05%

The FY 2005 revised estimate for Clerk Fees is \$7,931,686 and reflects an increase of \$1.3 million, or 19.1 percent, over the FY 2005 Advertised Budget Plan estimate. This increase is consistent with the adjustment to the FY 2005 estimate for Deed of Conveyance Tax revenue. The FY 2005 revised estimate for Clerk Fees remains below the level anticipated in FY 2004 because Recordation Tax receipts are expected to decrease due to a decline in mortgage refinancing that began in early calendar year 2004 and is expected to continue throughout FY 2005.

STATE CRIMINAL ALIEN ASSISTANCE PROGRAM

FY 2004 Revised	FY 2005 Advertised	FY 2005 Revised	Increase/ (Decrease)	Percent Change
\$987,934	\$0	\$550,000	\$550,000	--

The FY 2005 revised estimate for the State Criminal Alien Assistance Program (SCAAP) is \$550,000. The SCAAP provides federal assistance to states and localities that incur costs of incarcerating undocumented criminal aliens who have been convicted of state and local offenses. No funding for SCAAP was included in the FY 2005 Advertised Budget Plan because federal appropriation for this funding had been uncertain; based on recently announced grant application funding, revenue is now anticipated in FY 2005. The FY 2005 estimate represents a decrease of \$437,934 from the *FY 2004 Revised Budget Plan* estimate. A one-time double payment was received in FY 2004 as a result of a change in the federal disbursement schedule.

RECOVERED COSTS / OTHER REVENUE

FY 2004 Revised	FY 2005 Advertised	FY 2005 Revised	Increase/ (Decrease)	Percent Change
\$6,052,139	\$5,969,254	\$6,226,214	\$256,960	4.30%

The FY 2005 estimate for Recovered Cost / Other Revenue represents an increase of \$256,960, or 4.3 percent, over the FY 2005 Advertised Budget Plan estimate. This increase is due to a new \$1 per day fee charged beginning January 12, 2004 to inmates to defray the costs associated with the housing and care of prisoners. An increase of \$120,689 was included in the *FY 2004 Third Quarter Review* for partial year implementation of this fee.

ATTACHMENT II

Administrative Adjustments

General Fund Impact

		RECURRING
	General Fund Revenues	(\$6,995,530)
	Transfer to Fund 119, Contributory Fund	\$2,000,000
	Agency 16, Economic Development Authority	<u>(\$251,117)</u>
General Fund Revenues	Net Cost	(\$5,246,647)
Transient Occupancy Tax		

This adjustment is included under the assumption that the Board of Supervisors approves the implementation of the additional transient occupancy tax. Based on enabling legislation approved by the Governor on February 25, 2004 the County has the authority to impose an additional two percent transient occupancy tax beginning July 1, 2004. Based on FY 2003 revenues, it is anticipated that the additional two percent transient occupancy tax will generate \$6,995,530 in FY 2005. As required by the new legislation, no less than 25 percent of the additional revenue or \$1,748,883 is to be designated for and appropriated to a non-profit convention and visitor's bureau located in Fairfax County. This funding along with \$251,117 included in the Economic Development Authority for visitor services and the South County Visitors Center will be provided to the non-profit convention and visitor's bureau for a total FY 2005 appropriation of \$2.0 million. The 75 percent remaining revenue generated from the additional transient occupancy tax totals \$5.2 million and will be used to support the Economic Development Authority's efforts. After consulting with the local tourism industry organizations, the County Executive recommends that such support of the Economic Development Authority will attract travelers to the County and generate tourism revenues in the County. Application of this new transient occupancy revenue will free up a like amount in General Fund dollars which can be used for other purposes, including tax relief.

		RECURRING
	Revenues	\$0
	Expenditures	<u>\$120,000</u>
Agency 06, Department of Finance	Net Cost	\$120,000
Audit Costs		

Funding of \$120,000 is required due to the increased cost of the annual independent countywide audit. The County is required by law to use an independent auditor to ensure accordance with generally accepted accounting standards. Changes in the requirements imposed by federal and state regulatory bodies as well as the agency's voluntary compliance with standards promulgated by organizations such as the Governmental Accounting Standards Board have led to increased costs of the audit contract. As a result, the negotiated price increase built into the contract is set at 6 percent for FY 2004 and FY 2005. In previous years, the agency has been able to absorb cost increases into its annual appropriation; however, given current budget constraints, this is no longer possible. Total expenditures required for funding the annual independent countywide audit have increased \$141,279 or 31.3 percent, from \$451,721 in FY 2001 to \$593,000 in FY 2004. Additional funding of \$100,000 was provided at the *FY 2004 Third Quarter Review* to partially offset increasing audit costs in FY 2004.

**Agency 67, Department of Family Services
Child Care Programs**

	RECURRING
Revenues	\$1,776,000
Expenditures	<u>\$1,776,000</u>
Net Cost	\$0

An increase of \$1,776,000 for Child Care programs is required to appropriate additional FY 2005 federal and state funding due to a state policy change which expanded eligibility for Child Care Assistance and Referral (CCAR) Program funding from 185 percent of the federal poverty line to 250 percent of the federal poverty line. Funding of \$1,200,000 in CCAR is necessary to accommodate a client co-payment reduction from 16 percent to 10 percent, thereby increasing the County's subsidy and costs. This reduction is necessary to comply with state regulations governing the co-payments of CCAR participants that have become eligible for federal/state funding due to the change in criteria. Consistent with requirements associated with the additional funding adjustments included at the *FY 2004 Third Quarter Review*, funding of \$540,000 will be used for contractual costs associated with the SACC Program's accounts receivable system and is necessary to address customer service and billing issues. Also, \$36,000 in the Head Start Program will provide operating and maintenance funding for the three additional buses that were purchased in FY 2004.

**Agency 67, Department of Family Services
Foster Care Services**

	RECURRING
Revenues	\$971,202
Expenditures	<u>\$971,202</u>
Net Cost	\$0

An increase of \$932,290 for Foster Care and Adoption is required to appropriate additional state funding due to increased costs and federal Title IV-E maintenance funding for foster care adoption subsidies. Funding of \$38,912 for the Education and Training Voucher Program is required to appropriate additional state funding to assist foster youth with expenses associated with vocational training programs and college. Similar revenue and expenditure adjustments were also made during the *FY 2004 Third Quarter Review*.

**Agency 90, Police Department
Agency 93, Office of Emergency Management
Creation of the Office of Emergency Management**

	RECURRING
Transfer from Agency 90, Police Department	(\$408,716)
Transfer to Agency 93, Office of Emergency Management	<u>\$408,716</u>
Net Cost	\$0

A transfer of \$408,716 and 5/5.0 SYE positions of the Emergency Management Division from the Police Department to a separate agency is necessary to create the free standing Office of Emergency Management. Of this amount, \$358,716 is for Personnel Services and \$50,000 is for Operating Expenses. Recognizing the critical importance of emergency management planning for the County, a separate emergency preparedness agency will be created from the Emergency Management Division currently housed within the Police Department. The Office of Emergency Management will be under the direct supervision of the County Executive's Office and will be responsible for the County's emergency planning and preparedness activities. There is no net change to the FY 2005 Advertised Budget and the reorganization will go into effect July 1, 2004.

		NON - RECURRING
	Transfer from General Fund	<u>\$260,000</u>
Fund 312, Public Safety Construction	Net Cost	\$260,000
Facility Assessments for Volunteer and County		
Owned Fire Stations		

An increase of \$260,000 is required as a General Fund transfer to Fund 312, Public Safety Construction in order to conduct condition and functional assessments at 11 volunteer fire stations and 21 of the 24 County owned fire stations. An amount of \$100,000 would provide for assessments at 11 volunteer owned fire stations that provide essential support to public safety operations within the County. Assessment studies are proposed to evaluate the condition and the functionality of these facilities to meet current requirements. The assessment will focus on the older volunteer owned stations and will assist in identifying requirements and costs associated with these stations.

In addition, an amount of \$160,000 is required to conduct functional assessments at 21 of the 24 County owned fire stations. Three of the newest fire stations do not require assessment studies including: North Point, West Centreville or Kingstowne. Results of this analysis will assist in the planning and scheduling of needed facility improvements.

		RECURRING
	Transfer from General Fund	<u>(\$480,760)</u>
Fund 505, Technology Infrastructure Services	Net Cost	(\$480,760)
Delayed Implementation Radio Center Redesign		

The redesign of Radio Center Services is recommended to be postponed, due to delays in the construction of the infrastructure of the public service and public safety radio networks, originally scheduled for operation in early summer 2004. The public service radio system is scheduled to operate on a multiple site network, ensuring seamless coverage for more than 90 percent of the County. This network requires the acquisition and/or construction of towers strategically located within the County. This also includes delays in the expansion of the Public Safety network infrastructure required to support coverage needs of Police and Fire responders. Due to unforeseen obstacles in obtaining the necessary infrastructure and tower site acquisition agreements to operate the network, a delay in restructuring operations associated with the joint projects is unavoidably necessary. This delay will require the Radio Center to operate 'business as usual' during FY 2005, resulting in a reduction to the FY 2005 Advertised Budget Plan of the General Fund transfer to Fund 505 of \$480,760, a decrease of \$480,760 in expenditures, and net increase of 7/7.0 SYE positions. Staff will review the operations of the Radio Center prior to the development of the FY 2006 budget, to include an analysis of both the type of activities required and options for in-house or contracted work.

Other Funds Impact

		RECURRING
	Revenues	\$229,156
	Expenditures	<u>\$229,156</u>
Fund 106, Community Services Board	Net Cost	\$0
Psychiatrist Position and Additional Program Support		

An increase of \$229,156 is required to fund a merit psychiatrist position as well as to provide for additional administrative support and intensive case management services. The psychiatrist position was approved by the Board of Supervisors in October 2003 and non-County revenues were appropriated for this position during the *FY 2004 Third Quarter Review*. These expenditures are offset by a commensurate increase in DMHMRSAS revenues.

ATTACHMENT III

SUMMARY OF FY 2005 CONSIDERATION ITEMS

#	Consideration Item	Requested		Net Cost	
		By	Positions	Recurring	Non-Recurring
1.	Increase funding for Middle School After-School Program	Connolly	0 / 0.0	\$33,000	
2.	Add additional position in Police Department for child exploitation investigations	McConnell	1 / 1.0	\$152,442	
3.	Funding for Korean Senior Center	Connolly	0 / 0.0	\$25,000	
4.	Prorate Elderly and Disabled Tax Relief	Gross	0 / 0.0	\$100,000	
5.	Fund the George Mason University Law and Mental Illness Clinic	McConnell	0 / 0.0	\$51,678	
6.	Funding for Virginia Municipal League (VML) dues	Connolly	0 / 0.0	\$90,027	
7.	Funding for contribution to Army Museum (same level as Dulles Air and Space Museum)	McConnell / Hyland	0 / 0.0	\$240,000	
8.	Funding for COG Housing Trust Fund	Hudgins	0 / 0.0	\$31,442	
9.	Funding to partially offset Medicare reduction for Retiree Health Subsidy	Kauffman	0 / 0.0	\$391,475	
10.	Add Air Quality Planner position	Gross	1 / 1.0	\$83,580	
11.	Funding for dog runs at Animal Shelter	Frey	0 / 0.0		\$21,000
12.	Funding for the Greater Reston Chamber of Commerce Incubator Program	Hudgins	0 / 0.0	\$25,000	
13.	Funding for increased contribution to Wolf Trap Foundation for the Arts	Hudgins / DuBois	0 / 0.0	\$100,000	
TOTAL GENERAL FUND IMPACT			2 / 2.0	\$1,323,644	\$21,000
				\$1,344,644	

	RECURRING
	Revenue \$0
1. Agency 50, Community and Recreation Services	Expenditure <u>\$33,000</u>
After-School Middle School Program	Net Cost \$33,000

As requested by the Board of Supervisors on February 23, 2004, funding of \$33,000 is requested to supplement support for after-school programs for middle school students, bringing the annual allocation from \$112,000 to \$145,000. As part of the FY 1999 Adopted Budget Plan, the Board of Supervisors implemented after-school programs for middle school students. Currently, there is an after-school program at each of the 22 middle schools and at three secondary schools. In addition, one of four special education centers in middle schools has a program, and the remaining three are in the process of developing programs. With the addition of these four special education centers, the after-school middle school programs will total 29 sites. Each program is supported by \$112,000 in General Fund monies, along with matching funds from the federal government's Safe and Drug-Free Youth Program. In the event the total funding allocation is not expended through the Safe and Drug-Free Youth Program, any remaining monies will be used to support other community-based after-school programs. Additional General Fund support of \$33,000 for a total annual allocation of \$145,000 would enable each of the 29 programs to receive \$5,000.

	RECURRING
	Revenue \$0
2. Agency 90, Police Department	Expenditure <u>\$152,442</u>
Additional Detective for Child Exploitation Investigation	Net Cost \$152,442

As requested by the Board of Supervisors on March 1, 2004, funding of \$152,442 is requested for 1/1.0 SYE Detective to provide additional undercover investigation of child exploitation. In particular, the detective's primary criminal investigative efforts would focus on the following violations: use of communications systems [internet] to facilitate certain offenses involving children, production/distribution of child pornography, possession of child pornography and contributing to the delinquency of a minor. This position will require \$82,288 in Personnel Services including fringe benefits; \$38,912 in Operating Expenses including vehicle equipment, uniforms, a personal computer and other operating equipment; and \$31,242 in Capital Equipment including an unmarked police vehicle. Currently, the department has one detective who works undercover to investigate these kinds of violations. In CY 2003, the detective logged 800 hours of undercover time online and the detective's efforts resulted in 25 arrests. During an average month, the detective pursues 35 cases including as many as five search warrants and nine court orders. Due to the limited staffing currently available, the detective cannot investigate sectors of the internet such as bulletin board services, internet relay chat rooms and news groups. These areas of the internet are frequently utilized by sexual predators to communicate with or about children and exchange child pornography. Adding a detective will allow for investigation of these sectors of the internet that are not currently investigated, increase proactive work with internet service providers to obtain information on sexual predators and enable the Department to improve case clearances and increase arrests.

It should be noted that in October 2002, the Board approved a cooperative agreement with the Fairfax County Police Department and the P'CASO Alliance, a local nonprofit organization to expand and create new services to combat and prevent the abuse and exploitation of children. The agreement envisioned a funding goal of \$11.5 million for up to 16 additional detectives to be funded 100 percent by P'CASO over a five-year period after which time the program would be evaluated for continuation and full assumption of these costs by the County.

		RECURRING
	Revenue	\$0
3. Fund 103, Aging Grants and Programs	Expenditure	<u>\$25,000</u>
Korean Senior Center	Net Cost	\$25,000

As requested by the Board of Supervisors on January 26, 2004, funding of \$25,000 would allow the Korean Senior Center to better meet the needs of its clients by serving an additional day of congregate meals each week and increasing the County's contribution toward congregate meals to a level more commensurate with that funded for other providers. Currently, the Center is open 1.5 days a week, serving one meal a week for a total of 10,800 meals a year to nearly 400 seniors. The County pays the Center \$1.00 per eligible meal and private donations cover the balance for the actual cost of each meal.

		RECURRING
	Revenue	(\$100,000)
4. Agency 001, General Fund	Expenditure	<u>\$0</u>
Elderly and Disabled Tax Relief Proration	Net Cost	\$100,000

As requested by the Board of Supervisors on March 15, 2004, funding of \$100,000 is requested to support the proration of Elderly and Disabled Tax Relief benefits. Currently, a resident must be 65 years old by the beginning of the calendar year to be eligible for tax relief. With proration, elderly residents could apply for Real Estate Tax relief once they turned 65 years old and receive a percentage of tax relief based on the fraction of the year remaining. In 2003, a total of 41 applicants were denied tax relief because they turned 65 years old after the start of the calendar year. Based on relief averages, it is estimated that the impact on FY 2005 General Fund revenue is approximately \$100,000; however, once the public is aware of the expanded tax relief program, the revenue impact may become larger. Code amendments necessary to prorate Real Estate Tax relief for residents that turn 65 during the year were approved by the Board of Supervisors for advertisement along with the Real Estate Tax rate advertisement. Under the authorized advertisement, proration would also extend to eligible disabled applicants upon the date of their medical certification. This component is expected to have a negligible impact and is assumed to be included within the \$100,000 impact.

		RECURRING
	Revenue	\$0
5. Fund 119, Contributory Fund	Expenditure	<u>\$51,678</u>
George Mason University Law and Mental Illness Clinic	Net Cost	\$51,678

As requested by the Board of Supervisors on March 22, 2004, funding of \$51,678 is requested to support the George Mason University (GMU) Law and Mental Illness Clinic. In commitment proceedings, the individual against whom the commitment proceeding is brought is invariably represented by appointed counsel, while the family petitioning is rarely represented and is generally not familiar with the rules of evidence or the information required to persuade a judge to order commitment for the individual in severe mental distress. The GMU Law School previously maintained a program in which third-year law students provided representation for families seeking commitment of a relative in acute mental distress. However, that program was discontinued due to lack of funding. Funding is proposed for FY 2005 including \$37,678 for salary and benefits associated with adjunct professors; \$6,000 for direct operating expenditures such as supplies, telephone expenses, travel and subscriptions/books; and \$8,000 for indirect costs. The classroom component includes study of the history and development of laws affecting the mentally ill in order to prepare law students to represent petitioners during civil commitment hearings.

		RECURRING
	Revenue	\$0
6. Fund 119, Contributory Fund	Expenditure	<u>\$90,027</u>
Virginia Municipal League Dues	Net Cost	\$90,027

As requested by the Board of Supervisors on March 22, 2004, funding of \$90,027 is requested to support Fairfax County's annual membership in the Virginia Municipal League (VML). Dues for this organization are based on population estimates generated by the Weldon Cooper Center for Public Service. The Virginia Municipal League is a statewide, nonprofit, nonpartisan association of city, town and county governments established in 1905 to improve and assist local governments through legislative advocacy, research, education and other services. Its membership includes all 39 cities in the state, 156 towns and 16 urban counties. It should be noted that as part of its deliberations on the FY 2004 budget, the Board of Supervisors eliminated funding for VML dues in FY 2004.

		RECURRING
	Revenue	\$0
7. Fund 119, Contributory Fund	Expenditure	<u>\$240,000</u>
Annual Contribution to U.S. Army Museum	Net Cost	\$240,000

As requested by the Board of Supervisors on March 22, 2004, funding of \$240,000 is requested to support development of the U.S. Army Museum to be constructed at Fort Belvoir in the southeastern part of Fairfax County. Fort Belvoir and Carlisle Barracks in Pennsylvania were the two final candidates for the museum site. While Fort Belvoir was ultimately selected for the museum, the Secretary of the Army announced that the Military History Institute already located at Carlisle would house the Army's archives for research purposes. The Pennsylvania Department of Environmental Protection provided a \$575,000 grant to Cumberland County for the construction of water distribution and wastewater collection lines for that facility.

Construction of the museum at Fort Belvoir is estimated at \$90 million and will be funded privately through the Army Historical Foundation -- a nonprofit organization dedicated to preserving the Army's heritage. The museum is expected to draw thousands of visitors annually to the County.

All of the branches of the military either already have a centralized museum, or are in the process of building one. The Air Force Museum is at Wright-Patterson Air Force Base, Ohio; the Navy Museum is at the Washington Navy Yard; and the U.S. Marine Corps is building its National Heritage Center at Marine Base Quantico, less than 20 miles south of Fort Belvoir in Prince William County. It is scheduled for completion by November 2005. Prince William County donated 135 acres of land for the museum and provided \$850,000 to bring utilities to the facility.

Since FY 2000, Fairfax County has provided \$1.38 million to the Udvar-Hazy Air and Space Museum near Dulles Airport. This facility, built at a cost of over \$300 million, is anticipated to attract approximately 3 million visitors annually. The FY 2005 Advertised Budget Plan includes a recommended contribution of \$240,000 for this organization.

		RECURRING
	Revenue	\$0
8. Fund 119, Contributory Fund	Expenditure	<u>\$31,442</u>
Metropolitan Council of Governments Housing Trust Fund	Net Cost	\$31,442

As requested by the Board of Supervisors on March 22, 2004, funding of \$31,442 is requested to provide a contribution to the Washington Area Housing Trust Fund (WAHTF). The general membership of the

Council of Governments (COG) recommended that local governments support a voluntary per capita assessment of \$0.03 to fund WAHTF operations. Capital support is provided through the federal government and private sector grants. WAHTF has raised \$1.9 million in capitalization funds for locally supported affordable housing deals in the region and recently made a loan of \$150,000 to help a nonprofit organization purchase and renovate 102 units of severely distressed Section 8 housing in Reston. Operational funding provided by area local governments will be leveraged to attract capitalization dollars. It also allows the trust fund to loan money at a highly subsidized rate, which helps to lower the cost of housing in this region.

		RECURRING
	Revenue	\$0
9. Fund 500, Retiree Health Benefits	Expenditure	<u>\$391,475</u>
Partially Offset Medicare Reduction for Retiree Health Subsidy	Net Cost	\$391,475

As requested by the Board of Supervisors on March 22, 2004, funding of \$391,475 is requested to support increasing the retiree health benefit subsidy for those 65 years of age and older with 15 or more years of service by partially or completely eliminating the reduction when a retiree is eligible for Medicare. The current structure includes subsidies that vary by length of service and Medicare eligibility. In order to implement the change, the subsidies for those with 15 to 19 years of service would increase \$25 per month and the subsidies for those with 20 or more years of service would increase \$50 per month. This adjusted structure replicates the previous recommendation by the Ad Hoc Health Care Committee of the Retirees' Associations. Both the current and adjusted structures are displayed in the following table.

Current and Adjusted Retiree Health Benefit Subsidies				
Years of Service at Retirement	<u>Current Structure</u>		<u>Adjusted Structure</u>	
	Before Age 65	After Age 65	Before Age 65	After Age 65
5 to 9	\$25	\$15	\$25	\$15
10 to 14	\$50	\$25	\$50	\$25
15 to 19	\$125	\$75	\$125	\$100
20 to 24	\$150	\$100	\$150	\$150
25 or more	\$175	\$125	\$175	\$175

It should be noted that a proposed GASB standard that will likely be established will eventually require that the full cost of retiree health benefits, earned in the current and prior years, be reflected in financial statements. Any benefit enhancement to the retiree subsidy program will add to the total liability that must be recognized. The estimated amount of \$391,475 represents only the first year of costs associated with the proposed subsidy change. Annual costs will increase with the growth and aging of the retiree population. Based on a six percent growth rate of retirees, the total cost of the proposed change, if funded in advance, is estimated to be over \$9.9 million. If the enhancement is not funded in advance, this change would increase the unfunded accrued liability of the subsidy program that must be reported in future financial statements.

	RECURRING
	Revenue \$0
10. Agency 35, Department of Planning & Zoning	Expenditure <u>\$83,580</u>
Creation of Air Quality Planner Position	Net Cost \$83,580

As requested by the Board of Supervisors on March 29, 2004 funding of \$83,580 is required for 1/1.0 SYE Air Quality Planner position, including \$66,864 for Personnel Services and \$16,716 for Fringe Benefits. This position will be responsible for overseeing the County's air quality management by providing coordination between the County and federal, state, and regional planning efforts, as well as between the various County agencies working to support these endeavors. The position will work with County agencies to develop a strategy for compliance with the Clean Air Act; track federal and state air quality regulations; and promote an awareness of air quality laws and regulations among County residents, businesses, and organizations concerned with air pollution and air quality planning.

	NON-RECURRING
	Revenue \$0
11. Agency 90, Police	Expenditure <u>\$21,000</u>
Dog Runs and Play Area at the Animal Shelter	Net Cost \$21,000

--IN PROGRESS-- As requested by the Board of Supervisors, funding of \$21,000 is requested to support the construction of a series of outside kennel runs costing \$16,000 and \$5,000 for a gravel play area. During FY 2003, the animal shelter had 6,447 animals impounded. Of those animals, approximately 62.9 percent were adopted or redeemed – the remaining animals are euthanized due to illness, public hazard or limited capacity at the shelter. Euthanasia due to limited shelter capacity is considered to be a less preferred alternative to addressing the pet overpopulation problem compared to spay/neuter and adoption programs. Construction of the kennel runs and play area would provide dogs housed at the shelter the opportunity for fresh air and exercise, improving the animal's disposition and chances of being adopted.

It should be noted that the Police Department currently has approximately \$300,000 in the Animal Trust Fund. Recent changes to the policy for unused spay/neuter fees should increase the funds available within the Trust Fund during the upcoming fiscal year.

	RECURRING
	Revenue \$0
13. Fund 119, Contributory Fund	Expenditure <u>\$100,000</u>
Increased Contribution to Wolf Trap Foundation for the Arts	Net Cost \$100,000

--IN PROGRESS-- As requested by the Board of Supervisors on April 9, 2004, funding of \$100,000 is requested to increase the annual operating contribution to the Wolf Trap Foundation from \$25,000 to \$125,000. The Foundation, with a \$23 million budget, is responsible for all aspects of running the facility, including the presentation of a wide variety of performances and education programs. Foundation programs reach approximately 500,000 people in Fairfax County each year at two sites: the Filene Center, a 7,000-seat outdoor amphitheater in a park-like setting, and the Barns of Wolf Trap, two 18th Century barns reconstructed at Wolf Trap using original building materials and techniques. Since 1999, Fairfax County has contributed \$25,000 to Wolf Trap to support the Foundation's efforts to provide Fairfax County citizens with access to the best possible performing arts and position Fairfax County nationally as a leader in the arts and arts-in-education. The amount is not based on a formula, per capita, or any other formal agreement.